Some new kind of an atmosphere, some new work culture, we will have to develop in the city of Delhi. Unfortunately, I am sorry to say that with the kind of culture that I find, with the kind of indiscipline that I find, I do not think, in the near future, there is a possibility of things showing tremendous improvement. For satisfying Members, I can say anything. But in my heart of hearts, I am not quite sure whether we are going to see things changing tremendously. I would be the happiest person if a new kind of work culture can be brought about in Delhi so that people are law-abiding they observe discipline, and are prepared to honour all the laws and by-laws which are made by their elected representatives. But I can see more is being violated than is being honoured by the citizens of Delhi. Everybody is having his own share in the kind of undesirable activities. I would not say the people are indulging themselves in corruption. This is the thing I wanted to emphasise.

Mr. Vice-Chairman, I have taken more of your time. I once again express my gratitude to all the hon. Members.

SHRI TINDIVANAM G. VENKATRAMAN: Sir, with your permission, I would like to seek one clarification from the hon. Minister. I would invite his attention to page 8 of the Bill. In the new section which is to be substituted for existing section 32, there is a provision where the councillor is being penalised. If a councillor does not take the oath within the prescribed time, he has to pay a penalty of Rs. 300. Is it not a thing which should be ensured by the person concerned, by the officer concerned? He has to take the oath within a month. If he does not take the oath within a month, he loses his seat or he has to pay a penalty of Rs. 300. Why should he be penalised? Even a nominated representative has to pay the penalty.

SHRI S. B. CHAVAN: The hon. Member would be able to understand the significance of a person not taking the oath when he sees what happens if, as an elected Member of either this House or the Lok Sabha, a person does not take the oath under the Constitution. I need not tell him. It is already there in the Constitution.

SHRI TINDIVANAM G. VENKATRAMAN: I am not referring to it from that angle.

SHRI S. B. CHAVAN: I will look into that.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Now, the question is:

> That the Bill further to amend the Delhi Municipal Corporation Act, 1957, as passed by the Lok Sabha be taken into consideration.

The motion was adopted.

THE VICE-CHAIRMAN (SHRI MD. SALIM): We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 136 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI S. B. CHAVAN: Sir, I beg to move:

That the Bill be passed.

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI MD. SALIM): We shall now take up further discussion on the background Note on Review of Drug Policy.

MOTION RE. BACKGROUND NOTE ON REVIEW OF DRUG POLICY, 1986—Contd.

THE MINISTER OF STATE IN THE MINISTRY OF FERTILISERS AND CHEMICALS (SHRI EDUARDO FALEIRO): Mr. Vice-Chairman, Sir, may I, at the outset, thank the Chairman and all the Members for having found time to discuss this policy?

Sir, the Background Note was laid on the Table of the House about a year ago; to be precise, on the 12th of the same month, i.e. August, last year. We have been delaying the formulation of the drug policy and its implementation looking forward to the debate in this House and looking forward to the wisdom of Members of both this and the other House.

So, this has created some criticism, and a point has been raised that the policy is the prerogative of the Government. That was how the criticism went. There was no need for us to evade a discussion in Parliament. We could have gone ahead, formulated a policy and implemented it, and then Parliament, as and when it thought fit, could have debated it in different forms of debates, questions and so on. But then we thought otherwise. We thought that here we have an industry which is not an industry like any other industry. Here

we have an industry which concerns the health and the lives of the people. We are talking about all the new forces in the new policy, which is absolutely right, and they have their own specificities. This is not a question of the market economy, pure and simple, that operates. When a patient is suffering from some illness, he gets the prescription. He has got to buy whatever is there. It is not for him to pick and choose between different medicines that may be available. Therefore, we have to implement this policy willy-nilly in the coming months. We would have missed the benefit of views of Parliament, if it is not discussed at this time, in this session because we definitely have to implement it immediately after the Parliament session. So, again I mention that we are lucky and fortunate in having the benefit of the views of Parliament. I will listen very carefully to the hon. Members, to their suggestions, with an open mind. So, the Background Note that we have laid on the Table of the House is a note for discussion, and our mind is open to all valuable suggestions that can be made. Those suggestions will be valuable inputs alongwith other inputs which will lead us finally to formulate a policy and to implement it.

As explained in the Background Note, the need for modification of the Drug Policy of 1986 has arisen mainly because of the following factors:

One, the changes in the new industrial policy announced in July, 1991.

Two, to sort out controversies relating to drugs to be kept under price control and their categorisation on which a number of questions have been raised in Parliament.

Three, to make the price control mechanism easy to operate and at the same time more realistic so as to encourage new investment for meeting the growing requirement of medicines in the country without, at the same time, allowing the prices of medicines to go up beyond the reach of very humble people because very humble people may not be entitled to luxuries, but they are surely entitled to life and health, and medicines, therefore, must be within their reasonable purview.

However, when I say that this is a paper for discussion, let me say that a lot of effort has gone into this. Committees have gone into this. We have had a standing committee at the level of senior officials of the rank of Secretary. We have had discussions with different interest groups in the industry, the consumers and the medical profession. Therefore, really a lot of work has gone on this paper that is before you, hon. Members.

I would just highlight a couple of points at this stage, and I would definitely not like to go into the details. Let me mention about the question of licensing.

One of the important aspects in the review of the Drug Policy of 1986 is the need to liberalise the industrial licensing mechanism to bring it in line with the new industrial policy announced in July, 1991. At present the drugs and pharmaceuticals sector of the industry is being subjected to control from the industrial licensing side, which are more rigid, and those prevailing before the announcement of the New Industrial Policy. This actually is a contradiction which has arisen. The process of liberalisation began somewhere around 1986. The New Industrial Policy came in 1991. The process of liberalisation benefited the drug industry also, but, when the New Industrial Policy came in, because the drug sector had a separate policy, all the liberalisation benefit from 1986 to 1991, as far as this sector is concerned, became inoperative. Therefore, instead of remaining at least in 1991, when the New Industrial Policy came, we went back to the pre-1986 position. That is one contradiction.

The other is the inability to implement certain provisions because they are now inconsistent with the scenario created by the New Industrial Policy, for instance, the scenario created by the new EXIM policy.

The modifications proposed in the Background Note has taken into account the import and fiscal policies prevailing at that point of time, viz. August, 1992. Since then these policies have undergone a sea-change, particularly regarding actual user conditions in imports and easy availability of foreign exchange at the market rate.

The provisions of the Drug Policy, 1986 have naturally to be in consonance with these changes, so as to retain only such other controls as are practical and meaningful. It has, in fact become necessary to do away with some of the restrictive provisions contained in the earlier proposals, as this has become superfluous in the changed context.

Having mentioned what we intended, we have a broad idea about what we broadly think, about licensing and delicensing aspects. I would also like to

mention these very important aspects which concern pricing. The pricing mechanism in drugs was one of the important features examined as part of the revenue of the Drug Policy, 1986. Some of the aspects being considered related to span of control, the selection of drugs for the purpose of price control and simplification of the pricing procedures on bulk drugs and formulations.

As I have mentioned a little while ago, a large number of representations were received by the Government on the existing list of price controlled drugs pointing out anomalies and aberrations. These have been examined, as I said, by a Standing Committee under the Chairmanship of the Secretary, Department of Chemicals and Petro-chemicals, which was assisted by three expert groups.

It has been our endeavour to make the price control mechanism more simple and easy to operate. We would like to manage the situation without increasing the complexities and without the need for extra administrative machinery.

Another important objective kept in view is to make the policy transparent, easy to comprehend and non-controversial.

I may add here this position appears to me to be clear. The problem is only how we go about putting this in the policy at the level of implementation. For example, now we have an industry here. Industry is industry. It is not same as social workers or some sort of people who are moved by altruist motives alone. Industry, whether it is drugs or any other, must have some profit. The question is they must have a reasonable profit, but they should not be profiteers. I am not saying that they are profiteering, but they should not have an unreasonable profit, because then it reflects on the people. They must have a reasonable profit. We must ensure that, otherwise they will not produce medicines. But they must not have unreasonable profits. Otherwise medicines will go out of the reach of the people, who really need them. How do we attain this objective of providing profit, which is reasonable, but at the time prevent all profit that is unreasonable, which amounts to profiteering. That is really the challenge before us and that is where I seek the assistance of the House and the hon. Members with their suggestions.

While we are talking about decontrol at various levels and in various degrees, there is one area where the question is not of decontrol, but of more and more control, stronger and more effective control. That is the area of quality control. It is necessary that our mechanisms of quality control both at the Centre and in the States should be made more effective. Therefore, Sir, the quality aspect of drugs is an important area. We are in constant touch with the Ministry of Health and the drug control administration at the Central level and in the States. We are confident that this administration would be strengthened expeditiously both, as I said, at the level of the Union as well as at the level of the States.

So, at this point of time I do not want to take more time. Let me express my gratitude to Parliament for having already given us a report from the Standing Committee on this Ministry. Now, we look forward to other important suggestions that will come, I am sure, in the plenary of this House.

SHRI INDER KUMAR GUJRAL (Bihar): Has the Standing Committee considered it?

SHRI EDUARDO FALEIRO: Yes. It has given a report.

DR. JINENDRA KUMAR JAIN (Madhya Pradesh): Sir, at last we are here to discuss the National Drug Policy. I am very sorry to point out that we all consider that this subject is very important, but both the Government and Parliament have given a very low priority to the subject. This change in the Drug Policy as per the document supplied by the Government of India became necessary and became almost a *fait accompli* after the announcement of the New Industrial Policy in July, 1991.

Sir, after July, 1991, the Ministry of Chemicals and Fertilisers took more than a year to prepare a new drug policy draft. It was introduced in this Parliament on the 12th August, 1992. We, the parliamentarians also got pushing it again and again, session after session. We took more than a year to discuss it.

The first point I wish to make is that both the Government and the Parliament must accord high priority to this subject because it concerns the common man. When a common man becomes sick, he need drugs, medicines. He needs them at affordable prices. He needs good quality of drugs but not spurious drugs and not irrational drugs.

He wants that it should be made available to him. We also know that today drugs are not within the easy reach of the common man. He doesn't even know where to go for this because there is a multiplicity of agencies governing the drug profession or the drugs subject.

The Ministry of Chemicals and Fertilisers controls the licensing and the overall production aspect. The Ministry of Health controls the quality and distribution of drugs, and the research and development aspect. The Ministry of Commerce deals with the import and export aspect. The Ministry of Finance deals with the investment aspect. Only the day before yesterday we passed the Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Amendment) Bill. This narcotic drugs and psychotropic substances comes under the Ministry of Finance and its Customs Division. Some of the subjects like spurious drugs are governed by the police. So there is a multiplicity of authorities.

I have seen Members of Parliament raising the issue in the Consultative Committee Meeting. They said that these were the drugs which were spurious which were produced in this country. the Minister said, "Oh! this subject doesn't belong to us. This production, licensing, is controlled by the Ministry of Chemicals and Fertilizers".

I have seen Members of Parliament complaining to the Minister of Chemicals and Fertilisers about this matter. He said, "I am sorry, research is not my subject. Quality control of drugs is done by the Ministry of Health". So why is this multiplicity of authorities and agencies dealing with the same subject?

I have seen that this problem had received the attention of the Government. Today they are talking of better coordination. I would say, why don't we think of integration of all these agencies instead of trying for coordination? Why can't we have one agency? May be, the Ministry of Health is a better agency to deal with these aspects. If Members of Parliament can't seek relief because they don't understand who is governing what, how can you expect a poor man of this country to go anywhere and seek relief? So I propose that there is a need to avoid multiplicity of agencies and multiplicity of administrations. Instead of better coordination, think of integration and one agency can deal with all the aspects of drug administration.

Sir, I would like to come to the objectives of the drug policy, the objectives are laudable. They were very well enunciated in 1986. I am aware that first time we had a drug policy in 1978 on the basis of the Haathi Committee recommendations. Then we had revised it in 1986 and the objectives were laid. Certainly these objectives are good. Somebody said, "I want to do *garibi hatao*". Everybody said, "Yes, the objective is good". But how much *garibi* has been removed? This has got to be seen by this Parliament after so many years of functioning of the present administration in the country. My point is I would like to recommend to the Government that within the framework of the overall objective, please determine the specific objectives, objectives which are practical, which are simple, which are achievable and which are visible. I would not like to make vague statements that we have made very great progress or we have made no progress.

I think we are responsible enough today. Our country has acquired enough professional efficiency to be able to lay down specific objectives. I would like the hon. Minister to tell us what is our plan, what drugs, in what period, in what quantities, at what prices they will be available and in how many years. There are not 1000 drugs. He can take each drug and can chalk out his specific objective plan. It will be clear to everybody and he himself, his secretary, Parliament Members, everybody, will be able to measure the performance of the Government and the resource constraint. This is how, I think, we should proceed. We should change the style of our functioning from rhetoric to reality.

Sir, I would like, now, to talk about the National Health Programme because it is the National Health Programme which determines the need for the drugs. I will only make two points. We have got very poor outlays for the health sector. The WHO has made recommendations that a country like India should invest five per cent of the GDP in health. But what are our budgetary figures? We are investing only one per cent of the GDP in health. When your investment is so poor, how can you have availability of drugs? All of us are aware that one per cent does not go to drugs, but it goes to the maintenance of the Government. We are a poor country and we cannot afford an expensive Government like the Government of India, the Ministry of Drugs, the Ministry of Chemicals and Fertilizers and the Ministry of Health. They cost a lot to this poor nation. Last year, our hon. Prime Minister made a commitment and gave a directive that he was aware of the high expenditure on maintenance of administration and he wanted a ten per cent reduction. I do not know what has happened to the P.M.'s directive. We

are spending a lot of money on maintenance of a non-functioning Government, corrupt Government, not on provision of drugs. I will give you concrete examples.

We have a system of primary health centres and we all know that drugs are not available, specially in the rural areas where most of the people live. Why are drugs not available? Because the provisions are so bad. As we know, a primary health centre, earlier, used to cover a population of 1,00,000. Now they are trying to provide a primary health centre for a population of 30,000. Sub-centres are being provided. Once I enquired of the Ministry of Health as to how much is the budgetary provision for each centre per annum on account of drugs. You will be surprised to know, the figure is Rs. 2,000 per annum. We want to give Rs. 2,000 per annum to a population of every 1,00,000 or 30,000 or even 10,000. What are we talking? That is the reason why drugs are not available to the common people. It is not only the poor outlay that concerns me. See our country's preparedness. We all talk very proudly that we have signed the Alma Ata Declaration and we believe in "Health for all by 2000 AD". Have we estimated our needs? We all know that by 2000 AD, the country's requirement, as per today's standards, will be to the tune of Rs. 15,000 crores worth of medicines. Medicines worth Rs. 15,000 crores may be required by the turn of the Century. What is our present growth? Today we are producing medicines worth Rs. 650 crores. In another five or six years we need to increase our production to medicines worth 20 times this figure. Are we prepared? Have we calculated how much more investment we need, how much expansion of the industry we require, how many more people need to be involved in the production, distribution and consumption of drugs? The existing policies and programmes and the pace of the development, I am sorry to point out, are grossly inadequate to meet our goals. We have to gear up. We just cannot make slogans and do nothing about it.

Sir, then I come to the subject of industrial licensing. The hon. Minister made a brief mention here that the Government has made its position clear. The Government formulated a revised Industrial Policy in 1991 and it said that they believe in the policy of liberalisation. I have no quarrel with that. The Government has made its intention clear that it will call the drug sector as a priority sector. That would mean that 51 per cent of the equity holders would get automatic approval. It means the multinationals and all the international agencies can come and set up drug units in this country and can have 51 per cent control. I have no quarrel with that because I know for achieving the national goals, the country requires more investment and the latest technology and if these people come from outside and set up industries here, they are welcome. The Government says that they are abolishing the licensing system. It is a welcome step and it should be done. But I suspect the Government's intention when it puts a rider. The rider is in the name of making supply of essential drugs at reasonable prices, the Government wants to retain certain restrictions and certain controls. Why is it so? What is the meaning of 'certain controls and certain restrictions'? Of course, it is a laudable objective. Who will be affected by this? Not the multinationals. They are very powerful. This will only put shackles around the Indian entrepreneurs, Indian educated, technical people who want to set up their own units. While you are giving a free hand to the multinational giants to play in the Indian field, why do you want to put shackles around your own countrymen? I would like to know this thing from the Minister. I would request you to desist from this habit of continuing to hold. After all, why are you resorting to the policy of decontrol? Why are you doing away with restrictions or having deregulation? It is because you have found that this does not work. If it did not work under the same party which ruled this country for the last 41 years, why do you want to have it? Therefore, I want to submit, let the Government do away with any kind of controls at least in the field of giving permission to anybody to set up his unit. I don't mean to say that it is free for all. I will come to that point later on, I mean, where you should have control, but it should not be in the manner which breeds corruption, retards growth, prevents investment and does not allow us to achieve our targeted objectives.

Another important thing is the reservation of items for public sector units. So far, 15 items have been reserved for production by the public sector undertakings and now they say that they want to reduce it. Let us review what has been the performance of our public sector units. We are all aware of it. We all love our PSUs. We are all concerned about the national investments which have been made in this sector. But we all know that the public sector undertakings have let us down. Whatever may be the reasons, I am not going into those reasons. It is not the time to analyse those reasons. We have analysed those reasons in some other debates. But the net result today is that the four premier flag holding companies

of the Government of India in the field of drug manufacturing, namely, IDPL, Bengal Chemicals and Pharmaceuticals Limited, Bengal Immunity Limited and Smith Stani Steel Pharmaceuticals Limited, are already sick and their cases have been referred to the BIFR. We are again trying to put faith in those institutions which have failed. It should not be our concern who is producing. Our concern should be, at what prices, which quality of drugs are made available to the common man. If the IDPL gives me a drug which is not reliable, which is far more expensive than a drug which a common man gets at a cheaper price, which is far more reliable, then where should a common man or a patient be advised to go? We have areas where we can show our patriotism. But in these matters of management decisions, I think, we need not reserve any item. I would ask: Why are there 15 items? Why don't you prune this list? Forget about this list altogether. Give freedom to our people and set standards. Anybody who can give drugs at cheaper price, keeping in view the consumers and the patients, is welcome. There is an issue of pricing mechanism. The Minister has said what he wanted to say on the pricing mechanism. They are laudable objectives but, again, there is miserable performance on the achievement front. The Standing Committee invited the representatives of manufacturers of drugs. They have a number of complaints. You talk to the distributors, druggists and chemists. They have a number of complaints. You talk to the patients. They have a number of complaints. You talk to the Doctors. They have a number of complaints. Doctors say that good medicines are not just available. They disappear from the market. Drugs for Tuberculosis, Malaria and Tropical diseases are not available. Why? Because the Government is trying to do what it cannot do. Why is everybody unhappy? Because of the failure of the Government. I think, the Government has nothing to do with regulating prices of medicines. Now it may look a very wild suggestion. But I will justify what I am saying. Common drugs will be available only when more investments come to this sector. Because of the low profitability or restrictive trade practices many people are not coming. After all, if you see the growth pattern, the demand is growing. Why is the industry not growing? Only some of the old multi-national companies, who have invested here, can survive at the old prices. New investors are not coming because they cannot compete with them. So, we need more investors. There are a lot of issues regarding irrational formulations. Why are these irrational formulations coming into being? Because, when you control the price of one formulation, people make some changes in it and make a new formulation. It may look irrational. But you will try to call it rational after 15 years use. Because of the price mechanism the drug manufacturer makes another formulation and that is the reason why in India we have far more formulations than anywhere in the world. It is not because of the medical needs. It is because of the Government's mismanagement of the pricing mechanism. I believe free market is the best mechanism to control prices. It has happened everywhere. Now some will fear that this sort of freedom will cause a spurt in prices. I want to ask the hon. Minister only one question. Today we have 143 drugs under price control and 72% of the turnover of organised sector is covered under price control. Other drugs are not under price control and 30% of the production in the organised sector is not under price control. Let us study what is happening to those medicines which are not under price control. I studied it and I talked to knowledgeable people. Medicines which are not covered by price control are available at reasonable prices and over a period of time there has been only a marginal increase. Over a period of time some increase cannot be denied even by you because the price of everything is going up. So, if we are to get more investors, I want to make a recommendation, with all sincerity, in all fairness, and with all honesty, that the Government should consider withdrawing the control. The Government should have nothing to do with the controlling of prices. It cannot do it. If it does, it will result into things which are undesirable and repeated failures. I must make a mention of the impact of Dunkel proposals on this drug policy because everywhere this is a favourite subject today, in the media, etc. Anybody who thinks of the future of India must seriously study the Dunkel proposals. Last month, I was travelling in Europe and the USA. I happened to read an editorial. I would like the hon. Minister to enlighten me on one point. Mr. Arthur Dunkel has already retired from GATT. Now, he is not Director General. It is an international organisation. One editorial of a very prestigious journal said that the new Director General would not like to carry the name and legacy of Dunkel and he would now like to give a new outlook to it. It is really justified to create a monster of the name which is no more relevant to even GATT? But, it is not important as to what Dunkel says. The important thing is, what is important for our national interest. Sir, I believe, the real issue is GATT. We have to take a serious decision whether we wish to be a member of GATT or we need not

be a member of GATT. The choice is, do we want to have a provision of multilateral trade agreements or do we want to enter into bilateral trade agreements with every country? Everything about Dunkel is not good. I must say that. Everything about Dunkel is not disastrous. I want to take the middle path. I want to take a very patient and very cautious look. After all we are not subservient to any Dunkel or any GATT. We are a sovereign country. We should look very carefully, very intelligently at the total scenario in an objective manner. How many drugs are those drugs which are covered by international patents? I know that only 10 to 15 per cent of the drugs that we need in India are covered by international patents. Today, 90 per cent of the market is still a free market. I have seen the figures. At least 28 patents would expire next year and by the end of 1995 another 28 patents would expire. We have another safeguard. The Government can give compulsory licences for manufacture of drugs used for non-commercial purposes, like Government hospitals and dispensaries. The Dunkel proposals will not prevail there. It is our internal thing. It is within the provision of GATT mechanism.

SHRI INDER KUMAR GUJRAL: Sir, this is one point which is very doubtful.

DR. JINENDRA KUMAR JAIN: I am giving my own views.

SHRI KAMAL MORARKA: Sir, how much time will he take?

THE VICE-CHAIRMAN (SHRI MD. SALIM): His party is given 31 minutes. He has already taken 24 minutes.

DR. JINENDRA KUMAR JAIN: Sir, I know that Mr. Kamal Morarka.....

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Jain, let me remind you. You have already taken 24 minutes.

DR. JINENDRA KUMAR JAIN: The Government of India has still got control over the import mechanism. After all we have the power to deal with our own patent laws. We have our own Indian Patent Act, 1970. It is this Parliament which will take the final decision. I have no fear of Dunkel. I have no fear of GATT. We should negotiate. I would like to use the phraseology which President John F. Kennedy used once that we should have no fear to negotiate but we must not negotiate under fear. It is a Government of 850 million people. Why are you afraid? You negotiate and talk to GATT. There are recommendations which have come from our trade circles. We should try to reduce this patent period. They want 20 years. We should try to bring it down to 10 years. It will give us a lot of margin. We should try to insist that product patent is good enough. They want to have a process patent.

SHRI G. G. SWELL (Meghalaya): That is beyond his capacity.

DR. JINENDRA KUMAR JAIN: I have said in the very beginning that there is a need to integrate your policy with this. Now, everybody is saying that I should stop ... (*Interruptions*).

SHRI G.G. SWELL: I am only pointing out that it is beyond his capacity.

DR. JINENDRA KUMAR JAIN: Every time I speak, the hon. Chair is not kind enough to this young Member and will ask to conclude.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Dr. Jain, you are free to complete it within 13 minutes. But there is a second speaker from your party. If you yourself take all the time, there will be no second speaker from your party. This is what I remind you.

DR. JINENDRA KUMAR JAIN: I know everything that you are saying. I am not a child not to understand what you are saying.

SHRI SARADA MOHANTY (Orissa): Sir, he is fond of hearing running commentary.

DR. JINENDRA KUMAR JAIN: I will stop my comments here. I said we need to do this keeping in view the national interest. I will make one or two observations on the subject of research and development, which is an area where our investments are very low. When we see the research and development investments in these countries, who are talking about development, we need to know that they are spending 10-15 per cent of their total turnover on research and development. And what is our share? Only 2 or 3 per cent. Just now, I saw the hon. Minister for Information and Broadcasting sitting here. I wish he was here and listened to me. We want to build up our science and technology. But we are not aware, many of the Members sitting here are not aware, that we have a total restriction on import of information, import of newspapers, import of knowledge. When I say this, you may say that we can buy newspapers. But you cannot buy information, you cannot print it in our newspapers. Why? Yesterday also, I mentioned this point. This is not the way in which you can build the Indian science and technology. It has got to be

provided with technical information, technical knowledge, technical know-how, technical journals and technical books. You will have to open it up. But I am sorry to say that because of the 1956 Cabinet decision which is sancrosanct to the Ministry of Information and Broadcasting, they just don't allow the import of information. The Minister of Finance said here that he was in favour of doing it away but at the same time said that there was this Cabinet decision. I would like to know from the hon. Minister sitting here whether in the interest of development of research, in the interest of development of technology in this country, he is willing to write a letter to the Prime Minister saying that he is for the reversal of the Cabinet decision which was taken in 1956. At least, technical and scientific information should be taken out of this and the people of India should be free to import technical and scientific information which they are not allowed to do now. I will give an example here. You cannot remit, under the 100% convertible scheme of this Government—200 dollars to an organisation for purchasing information which you can give to an Indian medical journal, which you can give to our citizens. That is not allowed just because of the 1956 Cabinet decision. So, we need to have a fresh thinking, we need to do our own work before trying to do this because if you want the Indian institutions to be able to do its own research and development, you will have not only to increase the money but you will have to change some of these policies.

Sir, quality control is a matter which does not concern the hon. Minister. But it is a most important subject. We have a very poor, inadequate machinery to deal with the question of testing. There are a very few testing laboratories. There are a very few people who can do this. This whole problem of spurious drugs, sub-standard drugs, irrational drugs cannot be controlled unless we do this. I would like to make my last point and leave the rest of the time to enable my hon. coleague to speak. My last point is about the Indian system of medicine. We have neglected the Indian system of medicine. We are only talking of patents. The whole literature of India is full of wisdom. For example, neem. Every villager knows the value of neem. But till an article is published in an American journal, we do not know that *neem* is there. And, Sir, some American company taking the clue from Indian literature, will make a formulation from *neem* and get it patented. While on the one side we have to give respect to the Western research we have to give due respect to our research also to make it a Swadeshi research, that is, research in relation to Indian problems. In this context, I would like to say one thing. I am very sorry that our organizations like the ICMR, CSIR, etc., have a very low priority for Indian porblems, Indian diseases. How much money are we spending on tropical diseases? Most of the money is spent on research on Cancer, AIDS, etc. Even the one per cent that we invest goes for the Western-type diseases. We know what the tropical diseases are. They are filaria, malaria, diarrhoea. How much is the allocation? Not much. I do not say AIDS is not a problem. If you see the investment on diseases which are more dangerous, you will find that it is not much. So, my plea is that we need to bring in a Swadeshi orientation to our entire research.

I would like to say much more. But, since the constraint of time is there, I conclude and leave the time to another Member. Thank you, Sir.

(Ends)

SHRI VISHVJIT P. SINGH (Maharashtra) : Sir, the first thing that we must understand is that what we are discussing today is not the drug policy, but it is the licensing and pricing policy for drugs. It is not the drug policy *per se*. I say this because the drug policy covers various other areas. As has been aptly pointed out by the honourable Minister himself, the Health Ministry is one of the key Ministries involved in the implementation of any drug policy. It should also be involved in the formulation. This policy has, of course, been formulated with a lot of inputs from the Health Ministry and it is one of the major problems that we face here. As we see in Parliament practically every day, there are areas of responsibility which fall under the Ministry of Health and there are areas of responsbility which fall within the purview of the Ministry of Industry. Co-ordination between the Ministry of Health, Ministry of Industry, Bureau of Industrial Costs and Prices, Department of Biotechnology—the subject of biotechnology is the area of the future as we are seeing in various parts of the world today—is very essential if we are to have a proper policy and to achieve the objective of "Health for All". The very fact that the Department of Chemicals is talking of health for all shows that this is an area of concern of various Ministries. Therefore, it is with that objective in view that a Co-ordination Committee has been thought of for co-ordination between various Ministries for the implementation of the policy. This is in para 25 of the background note. And it talks of a Coordination Committee for monitoring the areas of key concern which consists of this and that Ministry. The same Coordination Committee has

been spoken of even in the recommendations of the Standing Committee in Part-II, under para 3 :

> "The Committee also desires that the proposed Coordination Committee comprising the representatives of the Ministries of Health and Chemicals and Petro-Chemicals and other concerned Departments of the Government should not remain on paper only, and an all-out effort should be made to take care of the health needs of the citizens of the country."

This, Mr. Vice-Chairman, is the key issue—coordination between the Ministries because the areas of responsibility are divided. The objective is the same, the end-users, the beneficiaries are the same—the public of this country. The objective is health. But the monitoring agencies, the implementing agencies are divided amongst the various Ministries. Therefore, the concept of this coordination is not enough. It must also be translated into reality by making sure that there is effective coordination, by making sure that it does not remain only on paper, by making sure that it is given some teeth to make abundantly clear that it is the objective which will matter more than anything else because the final objective which should be in front of our eyes is the health of the common citizen of the country.

Having dealt with this aspect, Sir, I would like to go on to dilemma which has been expressed both by the hon. Minister and my friend, Dr. Jain. The dilemma Sir, is : How do we provide medicines for all and how do we provide a fair return on investment because this is not a charitable business? Nobody is in this, no private manufacturer, whether it be Indian or multinational, is in it for the sake of charity. Each one of them is in it because they want a certain return on their investment. What we have to see is : How do we ensure the health needs of our people while also trying to give them some kind of adequate return? The problem occurs when we insist on a lower return in a particular sector. We find, Sir, that the moment you allow a lower profitability in certain areas, the investment in that area gradually dries up. And investment flows into those areas where you allow higher returns. In the past, we had drug policies where we allowed higher returns on non-essentials and lower returns on essentials. The results of those policies are there for all to see. Investment has flowed away from the essential areas into the areas of non-essentials. Availability of the essentials has gone down and the availability of the non-essentials has gone up. We can go practically to any chemist's shop today anywhere in the country and you will find a tremendous amount of irrational formulations and a tremendous amount of non-essential things, all available as medicines. And what is really required as medicine, that is in short supply. In fact, in the recent past, because of lack of revision in cost increases, there has been this disappearance of drugs totally from the shelves of the chemists. We see a reverse situation in our neighbouring country, Bangladesh, which has allowed higher returns on essentials and lower returns on non-essentials. The situation is exactly the opposite. Essentials are in large supply and non-essentials are in short supply. I am not advocating that we copy any particular policy. We have to evolve our own policy, but while evolving our policy, we must also understand this relationship between investment and return. Let me assure you, Mr. Vice-Chairman, that if you do not allow adequate return on investment, you will not get investment for these sectors. Dr. Jain spoke of the figure of Rs. 15,000 crores. I would like to tell him that the real figure which you will require for the availability of the medicines in 2000 A.D. will be Rs. 20,000 crores, not Rs. 15,000 crores, because this figure you are quoting is mentioned in the background note based on 1978 prices.

DR. JINENDRA KUMAR JAIN : I am quoting the figures given by the Ministry of Industry, and Ministry of Commerce.

SHRI VISHVJIT P. SINGH : They have also qualified it by saying that the figure of Rs. 15,000 crores is based on 1978 prices. I am talking of today's prices. So you will require Rs. 20,000 crores worth of medicines. And this amount of Rs. 20,000 crores will not be forthcoming unless investment is there. This investment will not be forthcoming unless you have adequate return allowed on that investment. I would like to go further. You can put a ceiling on the returns being allowed. You can put an overall ceiling on the returns. That is very much within the law. It is within the purview of the Dunkel Text also. All that the Dunkel Text asks us to do is to have a level playing field both for the multinational and the Indian companies. That is all. They do not object to any kind of a ceiling. You can have a ceiling on return. You can fix a ceiling on the return which is adequate. As the Minister rightly said, we are willing to allow profit, not the profiteering. We should not allow profiteering. But if you want investment, you have to allow a return. You fix a ceiling and you stick

to that ceiling. As far as the non-essentials are concerned, levy very heavy excise on them. Gradually, over a period of time, if they want to manufacture non-essentials, if the people want to buy those non-essentials, let them be taxed for it. I remember the time when even a particular brand of chewing gum was sold as medicine. I raised it in the House and said that you kindly raise the excise tax on it. You levy the same excise tax on it that you levy on confectionary. That kind of excise should be levied on that particular brand of chewing gum though it is sold as medicine. Let the non-essentials be heavily taxed.

Going further, there are some who say that they are frightened of foreign investment. There is nothing to be frightened of foreign investment. Foreign investment can be controlled by us. There is nothing to prevent us from controlling the inflow of foreign investment. Let us not forget that once there is adequate amount of foreign investment, that investment itself can be used by us as a lever for international pressure, for international policies. If those very Americans today could hit us on the Cryogenic deal, if they had 20 billion dollars of investment in India, let me tell you, they would have thought twice before putting any pressure on Russia. Foreign investment itself is a deterrent in international policy. My friend, Mr. Gujral, my elder colleague, is sitting here. I am sure he will agree with me on this issue that foreign investment can be a deterrent, and if the foreign investment is flowing into other areas, why not into this most essential area?

While I agree with the background note, I will now deal with certain proposals which I wish to make to the hon. Minister and after that I will come to the Dunkel Text.

After that, I will come to the Dunkel Text.

Now, these are my proposals to the hon. Minister. You have spoken of the criteria for exclusion from price control. One criterion which you have spoken of in this draft is turnover. I would like to suggest that you should raise this limit from the current turnover limit which you have thought of. You have thought of a turnover of Rs. 3 crores. I think it is a little restrictive, considering the present price levels. I think it would be worthwhile considering. You should increase it to Rs. 5 crores. It should not be limited to just Rs. 3 crores.

Secondly, you have spoken of drugs having adequate market competition to be kept out of price control. How do you determine this 'adequate market competition'? Why don't you spell it out? What are going to be the criteria? One of the major problems we have faced in the past, Mr. Vice-Chairman, is that whenever such lists have to be made, whenever such criteria have been laid down, the criteria were vague as we have seen here. The problem occurs because, first, the lists are made. After the lists are made, the criteria are enunciated. The problem occurs that there are many exceptions to both the inclusion and the exclusion criteria. This has resulted in a tremendous amount of representation by Members of Parliament. This has been mentioned in this background note itself. To remove this, to have a certain amount of transparency, which you yourself have spoken of, I would urge upon the hon. Minister to kindly announce the criteria now, or, at the time when you begin implementing the policy. You should announce the criteria for inclusion or exclusion of certain drugs...

SHRI RAJNI RANJAN SAHU (Bihar): It should be announced in Parliament.

SHRI VISHVJIT P. SINGH: (Maharashtra): I am not asking him to announce it today. I am asking him to announce the criteria when he introduces the drug policy for implementation. He must make a public announcement. He can announce it in Parliament. If the Parliament is not in Session, he can announce it at a news conference. He can announce it through a gazette notification. There are various methods available to him.

SHRI RAJNI RANJAN SAHU: It should be announced in the Rajya Sabha first.

SHRI VISHVJIT P. SINGH: I am saying that the criteria must be announced categorically. In regard to the criteria for adequate market competition, I would like to make a suggestion. My personal suggestion would be: three bulk drug producers and six formulators of any particular drug. Three bulk drug producers and six formulators. This should be the criteria, as far as I am concerned, for defining adequate market competition.

Now, in regard to the price aspect, the background note, this document, says:

> "In order to tackle the possible abrupt increase in prices of formulations based on drugs getting decontrolled and possible undue increase in prices of leading brands of formulations enjoying high turnover, the Government may fix a maximum permissible increase as percentage of existing price and keep a strict watch on the situation."

My suggestion here would be this. I am saying this on the basis of the deliberations I have had with the representatives of the industry. We had a very detailed discussion. You should fix a limit of 25 to 30 per cent.

SHRI G. SWAMINATHAN (Tamil Nadu) : Of what ?

SHRI VISHVJIT P. SINGH : Increase. Price increase. Whenever there is going to be a price increase, it should not be a galloping one. Everybody is speaking of 300 per cent, 400 per cent, price increase. Some people are even willing to have 1000 per cent price increase. I am suggesting that it should not be more than 25 to 30 per cent.

SHRI INDER KUMAR GUJRAL : At one time ?

SHRI VISHVJIT P. SINGH : This should be the maximum allowable by the Government.

SHRI INDER KUMAR GUJRAL : What is the time-frame ?

SHRI VISHVJIT P. SINGH : Immediately. Immediately after the implementation of the policy. I am talking about that price. Later on, the price would be according to the wholesale price index.

It has been made quite clear that it will be up to 70 per cent of the wholesale price index.

While on this subject, Sir, I would also like to mention another problem which we will be facing. You have spoken of allowing automatic increase in the prices of formulations up to 70 per cent of the annual increase in the wholesale price index. I do not see why you have not followed the same approach as far as bulk drugs are concerned. As far as bulk drugs are concerned, you said that you would allow this, but you also said that this would be decided by a high-level committee on a case-to-case basis. I can understand why you have done it in the case of formulations. That is because there are various estimates about the number of formulations which are in the market. They are many, many thousands, multiples of tens of thousands. Therefore, you don't want to monitor those cases. So, you say that there is automatic price increase. I would like to say that even in the case of bulk drugs you should not have this discriminatory regime. If you are going to allow it in the case of formulations, you allow it in the case of bulk drugs also with one proviso. The proviso should be this. There is no penal clause in this. In your policy there is no penal clause. If somebody takes an increase on the basis of a false averment, there is no penal clause to punish him. I urge upon you kindly to insert a penal clause whereby you would have a selective monitoring of this mechanism. If you find any transgression, there should be exemplary punishment awarded to make sure that such transgressions do not take place in future.

Going further, Sir, I would like to talk about research and development. In the policy note itself there are a number of suggestions given for research and development. My contention is that unless you allow a proper, liberal regime for research, you will not get any fundamental research done here. If there is no fundamental research, you will not get any new drugs being introduced by Indian manufacturers. Therefore, some kind of a heavy incentive for research will have to be given. Some of the research being done today, is being done by multinationals in piecemeal, the benefits of which are not accruing to this country but are being taken out of this country. Some of the research is being done by Government laboratories funded entirely by the Government.

Earlier there was a provision exempting 133 per cent of the expenditure on research, which meant that nothing went from the pocket of the company conducting research so long as the laboratory was recognised by the Department of Science and Technology. I would urge upon you to re-introduce that provision giving 133 per cent exemption. That will give a big boost to research because the quantum required for search is tremendous, but that is just not available today. Kindly give this kind of incentive with the proviso again that it must be monitored by the Government, that whatever research is to be done must be conducted with the approval of the Department of Science and Technology and that whatever laboratories there are, must receive the approval of the Department of Science and Technology. Small companies which are not capable of doing research, should not be allowed that exemption purely for the sake of allowing the exemption. It should be allowed only to those companies which have actually set up research laboratories, which have grown large enough, whether they be in the public sector or the private sector, to be able to afford the kind of laboratory, equipment, infrastructure facilities, research staff etc. required for that kind of fundamental research.

Before I go to the Dunkel proposals, my last point is about incentives for exports.

There are various methods which have been thought of. Unfortunately nothing has been enunciated in your policy. All

you have enunciated is that the Government is considering the proposals. We do not know all the proposals.

The Standing Committee has recommended in para 12 :

> "The Committee recommend that Government should give suitable incentive to manufacturers of drugs so as to enable them to augment their export in a big way."

Here, I would like to give you a proposal. My proposal is, if you try and do what has been thought of in the past, that if you are an exporter, 75 per cent of your production is there, then the cost and technical study done by the BICP and all kinds of other complicated mechanisms are again struck with the bureaucracy. My contention, Mr. Minister is, we have envisaged a system which frees us from the bureaucracy, because that is the whole purpose of the de-control. And whatever incentives you are going to give must be free from bureaucratic interference. Therefore, I propose a very simple system. Today exporters do not pay any excise. Today you first make sure that everybody pays excise on production, whether it is an exporter or a seller within the country. All exporters get a total refund of the excise out of the amount that they have exported. All that they have to produce is their certificate showing Bills of Lading and a certificate from the Commerce Ministry, which monitors the export, showing that this much export has taken place. That, I am sure, is very easy to monitor. There is nothing technical involved in it. There is just a pure and simple certificate involved. On production of the certificate they get a refund of the excise duty which they have paid. That should be a sufficient incentive to them. Of course, they will get an excise refund to the extent that they have exported. There is no excise on exports. There is excise on internal production. If they have exported ten tonnes of a particular drug, they get excise relief to the extent of ten tonnes of their sale. That much of excise relief is enough of an incentive to them. It is a tremendous incentive. I would urge you to implement this because it is a simple scheme. It is a very easy scheme to implement and it would mean a genuine incentive given to the exporters.

I would now like to give two important penultimate points.

I do not know how much time I have taken. May I know that ?

THE VICE-CHAIRMAN (SHRI MD. SALIM) : You have taken 20 minutes.

SHRI VISHVJIT P. SINGH : I will take only five minutes more.

श्री संघ प्रिय गौतम (उत्तर प्रदेश) : अगर आप ज्यादा बोलें तो एक सबमिशन मेरा उपसभाध्यक्ष जी, यह है कि साढे 6 बजे प्रधान मंत्री जी की तरफ से हम सब को चाय पर बुलाया गया है । तो पहले हम लोग घर जायेंगे । वहां से पहुंचेंगे । 6 बजकर 10 मिनट हो गए हैं, आप कल को कंटीन्यू कर सकते हैं ।

उपसभाध्यक्ष (श्री मोहम्मद सलीम) : क्या यह लास्ट प्वायंट है ?

श्री विश्वजित पृथ्वीजित सिंह : मैं दो-तीन मिनट लूंगा । यदि आप मुझे इतनी इजाजत दें तो मैं शीघ्र ही इसको समाप्त करूंगा ।

श्रीमती सत्या बहिन (उत्तर प्रदेश) : वाइस चेयरमैन साहब, मेरा अनुरोध है कि श्री विश्वजित पृथ्वीजित सिंह जी की स्पीच के बाद हाउस अगर एडजर्न कर दिया जाए तो बढ़िया है ?

उपसभाध्यक्ष (श्री मोहम्मद सलीम) : पहले उन्हें खत्म करने दीजिए ।

SHRI VISHVJIT P. SINGH : Now, I come to the Dunkel Text. All kinds of apprehensions have been expressed about implementation of the Dunkel Text as to what would be the result of the implementation of the Dunkel Text. I would like to quote from the Second Report of the Standing Committee on Petroleum and Chemicals from pages 10 and 11 :

> The Government can give compulsory licence if it is found to be in conflict with restrictive business principles of the country. The Government can give compulsory licence for manufacture of drugs used for non-commercial purposes by the Government, like for distribution in hospitals etc.

So, we are not affected by the Patents Regime. If the Government finds that there is a monopoly situation being created in the country, the Government can issue a licence.

Secondly, the Government can first issue licences where drugs are acquired for non-commercial purposes like distribution in hospitals, etc., so that the entire health care programme can be looked after. The Government has to retain the power of imposing restrictions on the import of materials. That again is something which is quite clear.

Regarding investment policy, as I said earlier, it is up to the Government to decide who is going to invest, what investment is going to come in. The Government can decide whether it should go for toothpaste or for drugs. It is up to the Government to decide. Once, of course, investment has been made there has to be a level playing field. But it is up to the Government to allow that investment or not to allow that investment.

What is the impact of the proposals ? Not more than 10 to 15 per cent of the drugs which are sold in the country are under some kind of a patent anywhere abroad. This ratio has been maintained for a long time and it is also going to remain in future. Most of the drugs which are essential are sold commonly. Only 10 to 15 per cent of the drugs sold at any point of time are under the patents abroad. Most of the drugs which are sold have patents which have expired, drugs which are not under patent. The same situation exists with drugs of essential nature. There are so many drugs which we use today which were invented some 40 or 50 years ago. Let us understand that. Everywhere in the world the same situation is obtaining. There is no country in the world where all the drugs which are sold are all under patent. Nowhere in the world that situation is prevailing. It doesn't prevail in this country also. Therefore, whenever the Dunkel text applies, it will only apply to that segment of 10 to 15 per cent of the drugs and that will also be the newer drugs.

I would like to quote from what the Special Secretary, Commerce Department has said. He has made it very clear, "It will be totally unaffected because the Dunkel text will apply if it is to be accepted only to the patent applications of the medicines which are based on patent applications which are filed after the Dunkel text takes effect." So all patent applications which you have filed before the Dunkel text takes effect, it will not affect even if we agree to it at the end of this year. We will still have one more year and at the end of 1994 those applications which have been filed will take them ten years to be cleared. In any case the Dunkel text itself allows us the ten years. So it will only be after another ten years. In other words, if we sign it and accept it, it is going to come into force in 1995. Finally, it is going to come into force in this country in 2005. That 20 years patents regime, etc., is going to apply only after 2005. It will apply only to those drugs which will be patented and which would be the newer patents but not the ones which are being sold in this country today. So none of the drugs sold in this country today will be affected. That is the point to understand.

Secondly, it will be conflicting with the Indian law. We are the ones who have to pass the laws under which the Dunkel text will apply. The Parliament of India has to pass the law. If the Dunkel text is to be accepted, it can't automatically be applicable in India. It will first be brought into the Indian law and then only it will apply here. If a complaint is to be made, it can't be made, on the basis of the patents obtained in the United States or under the laws of the United States. It will have to be made in accordance with our law that we would indicate, if we are to accept this. Let us understand that. That patent also should have a corresponding registration here for us to apply. Without that corresponding registration that patent would not apply here. Let us understand that. It is we the Parliament of India which have to formulate the laws which will govern the administration of that regime.

Sir, I do not wish to take up the time of the House. I know that every Member is impatient to go and wish the President of India on his birthday. Therefore, I congratulate the Minister for having brought in this policy. As far as the Minister was concerned, he was impatient. In fact in various meetings and even in the Consultative Committee meeting he had asked for this policy to be debated. We have spoken at length in various fora. In fact, the Minister had asked us for listing it in Parliament since a very long time. Even though it was listed several times, it

never came up for discussion. Mr. Vice-Chairman, I am grateful to you that you have allowed this discussion to take place. I am sure that the hon. Minister will consider the various proposals which I have put forward and at least some of them he will see that they have some merit and would implement the same. Thank you.

MESSAGE FROM THE LOK SABHA

(i) The Rajasthan Appropriation (No. 2) Bill, 1993.

(ii) The Madhya Pradesh Appropriation (No. 2) Bill, 1993.

(iii) The Uttar Pradesh Appropriation (No. 2) Bill, 1993.

(iv) The Himachal Pradesh Appropriation (No. 2) Bill, 1993.

SECRETARY GENERAL : Sir, I have to report to the House the following messages received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha :—

(I)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Rajasthan Appropriation (No. 2) Bill, 1993, as passed by Lok Sabha at its sitting held on the 18th August, 1993.

2. The Speaker has certified that this Bill is a Money Bill."

(II)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Madhya Pradesh Appropriation (No. 2) Bill, 1993, as passed by Lok Sabha at its sitting held on the 18th August, 1993.

2. The Speaker has certified that this Bill is a Money Bill."

(III)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Uttar Pradesh Appropriation (No. 2) Bill, 1993, as passed by Lok Sabha at its sitting held on the 18th August, 1993.

2. The Speaker has certified that this Bill is a Money Bill."

(IV)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Himachal Pradesh Appropriation (No. 2) Bill, 1993, as passed by Lok Sabha at its sitting held on the 18th August, 1993.

2. The Speaker has certified that this Bill is a Money Bill."

Sir, I lay a copy of each of the Bills on the Table.

THE VICE-CHAIRMAN (SHRI MD. SALIM) : The House now stands adjourned till 11 a.m. tomorrow.

The House then adjourned at sixteen minutes past six of the clock till eleven of the clock on Friday, the 20th August, 1993.

GMGIPN—Sec. 4—106 RSS/ND/94—25-1-96—400.